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24 MAY 1968

MEMORANDUM FOR: Chief, Audit Staff

THROUGH : Deputy Director of Support

SUBJECT : Report of Audit of Project [REDACTED]  
1 January 1967 - 31 December 1967

REFERENCE : Memo dtd 30 Apr 68 to D/L, D/F & C/AS,  
same subject

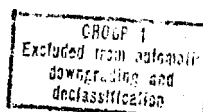
1. This report is intended as an interim accounting, only, of the actions required by subject audit report.

2. An initial discussion has been held with representatives of the Office of Finance to determine a joint course of action with respect to the two recommendations made in paragraph 4 of this audit report. It is the initial belief of the Chief, Proprietary Systems & Accounts Division, Office of Finance that no effort should be taken to amend the [REDACTED] administrative plan. He does feel, however, that internal procedures can, and should, be established for better control of the accounting for all [REDACTED] contracts and grants entered into through the mechanism of [REDACTED]. The results of our dialogue with the Office of Finance will be included in our final report.

3. Paragraph 2 of the audit report includes a listing of unrecorded progress payments and grants totalling [REDACTED]. This figure is applicable as of 31 December 1967. Since that time we have made a concentrated effort to update all of our contracts and grants, an effort which we believe has been successful as indicated by the fact that accountings have either been made, or are in the process of being made, covering contracts

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**SUBJECT:** Report of Audit of Project [REDACTED]  
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and grants representing a dollar value in excess of [REDACTED] we will continue to stress this area of our operation and are hopeful that our final report will reflect completion of this effort.

SIGNED  
George C. Malone  
Director of Logistics

cc: OD/S (2)  
S/F (1)

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OL/PD/CPB: 25X1A [REDACTED]:ph/2727 (22 May 68)

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